

State of Washington

Roadmap for Financial and Administrative Policies, Processes and Systems

Advisory Group Working Session



October 26, 2005



Today's agenda

| | Agenda item | Presenter | Time |
|---|--|---------------------------------|--------|
| 1 | Welcome and today's objectives | Sadie Hawkins | 10 min |
| 2 | Project update | Kathy Rosmond | 5 min |
| 3 | Results of modeling and lessons learned, to date | John Natteford | 20 min |
| 4 | Business process modeling impacts | Sadie Hawkins/ Kathy Rosmond | 30 min |
| 5 | What's next for business modeling? | Dennis Jones | 45 min |
| 8 | Next steps / process check | Kathy Rosmond | 5 min |



Today's objectives

- Share results of the modeling pilot for employee expense reimbursement
- Discuss example impact of these results on enterprise policies and processes
- Refine our approach to modeling remaining enterprise business processes based on your advice

Project Update

- Met with executive sponsors to discuss funding (10/3)
- Conducted 'as-is' and 'could-be' focus group sessions
- Completed forecasting scope model
- Worked with CTED and Ecology on grant and contract management proposal
- Briefed Sterling Associates on project
- Submitted Supplemental decision package



Business modeling pilot

Employee expense reimbursement

Purpose of the pilot:

- Learn about business modeling process
- Understand and learn how to manage the impact of proposed policy and process changes
- Test the development of the value proposition
- Determine how to integrate modeling with on-going enterprise initiatives
- Develop realistic schedule and scope for further modeling based on level of effort



Key points of “As-Is” model

- Reached agreement on common business objectives for expense reimbursement
- Extensive agency variation at every step of the process
- Separate process for travel & other reimbursements
- Lots of manual processes and work-arounds
- Very little enterprise information is coming out of the process, such as:
 - How much travel expense is reimbursed
 - Which hotels get the state’s business
 - How much non-travel expense is reimbursed to employees

Key ideas of the “Could-Be” model

Better information; better results:

- Use state credit cards for most expenses

More economical government:

- Electronic feed from credit card companies directly into employee vouchers
- Combine travel & other reimbursements into single process
- Eliminate the need for travel advances
- Reimburse through payroll, rather than AFRS
- Reduce proliferation of agency-unique policies & processes
- Approve by exception, based on business rules

A vision in progress, no decisions have been made!

Modeling preparation lessons learned

- Provide materials to focus group members prior to meeting
- Send industry best practices materials for review before “Could-Be” session
- Send and collect agency variation survey before “As-Is” session
- Create FAQ for modeling

Modeling process lessons learned

- Provide optional pre-meeting introduction to *Roadmap*
- Provide more time for defining the scope and objectives of the process being modeled
- Include more program participants in focus groups
- Present straw man models to start the conversation
- Coordinate with Enterprise Architecture Committee (EAC) on modeling tools, notation, and methodology

Modeling results lessons learned

- Focus group was very open to significant change
- Surprised at extent of agency variation in process
- Easy to get fiscal representation on focus groups
 - Results may be skewed by only fiscal viewpoint
- “Could-be” models generate lots of conversation
 - Need to learn how to manage initial reactions
- The business case for change requires collaboration with process owners and other stakeholders
- Need business owner to carry the vision to reality

Enterprise business modeling

Potential impacts

- Completely changes the way we do business today
 - Incorporates best business practices
- Requires changes to legislation and administrative code
- Calls for tighter collaboration among central service agencies
- Defines how agencies business and technology needs will be met in the future
- Defines strategic information requirements for the future

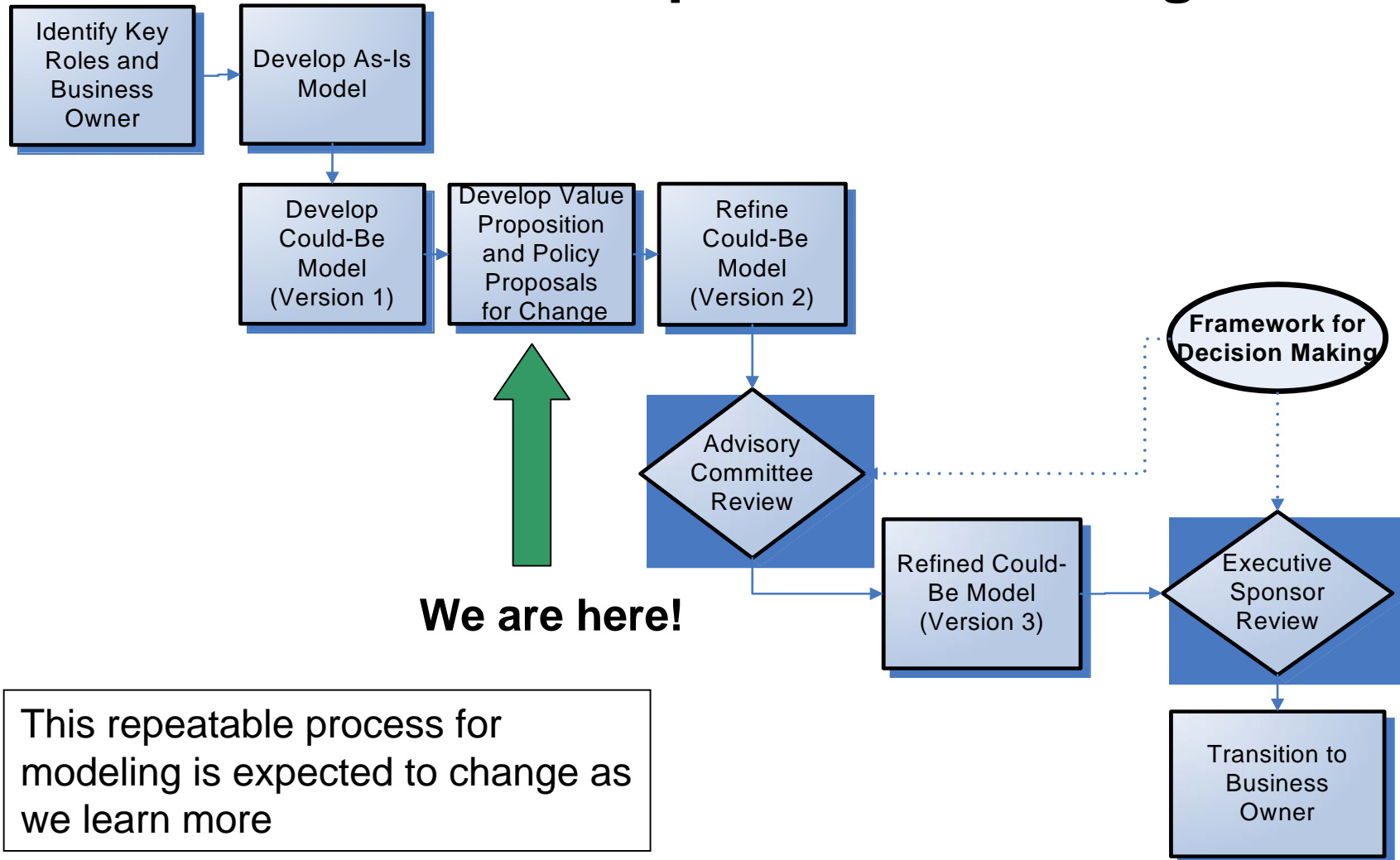


Impacts on process owners of expense reimbursement “could-be” model

- **STO** - agency credit cards and cash flow
- **GA** – airline, lodging, credit card, etc. contracts; strategic sourcing opportunities
- **LRO** – changes in compensable benefits
e.g. per diem vs. actual meal expenses
- **DOP** – reimbursements through payroll
- **DIS** – Active Directory, enterprise information
- **SAO** – approval by exception based on business rules
- **OFM** – changes in RCWs and SAAM
e.g., 75% per diem for partial days vs. actual arrival and departure times; credit card policy



Business process modeling workflow





Business modeling

Refining our approach

About 30 *Roadmap* financial and administrative business processes remain to be modeled

Pilot results indicate the need for appropriate stakeholder involvement to:

- Participate in modeling when an agency has vested interest in the business process
- Ensure strategic enterprise information needs are met
- Identify, validate, and promote best practice policy and process changes
- Help develop enterprise business value for change
- Communicate and gain momentum for change





Business modeling

What's next?

Questions for consideration:

- What are our priorities for business process modeling?
- How many business process models can we reasonably expect to complete between now and mid-2006?
- How do we keep the momentum of the Roadmap moving forward?
- Can/should we take advantage of the timeframe and priorities of other projects?
- How do we continue to ensure no harm to HRMS?



Nov. 2004 Prioritization Survey Results

| Priority Order | |
|----------------|--|
| 1 | B2: Improve access to information |
| 2 | E1: Streamline budget |
| 3 | B1: Organize data to support all perspectives |
| 4 | C1: Enable data driven decisions |
| 5 | A3: Streamline procure-to-pay |
| 6 | E2: Empower managers with decision tools |
| 7 | D3: Streamline invoice-to-cash |
| 8 | D1: Make it easy for customers to pay |
| 9 | E3: Provide flexibility for innovative budgeting |
| 10 | A1: Optimize purchasing power |
| 11 | C2: Protect federal & local funding |
| 12 | F2: Improve accountability for assets |
| 13 | A2: Put cash in bank, not on shelf |
| 14 | F1: Maximize return on capital assets |
| 15 | D2: Increase investment revenues |

Roadmap principles and priorities

Principles:

- Focus on common, core financial & administrative processes, data, & systems
- Take an ongoing, incremental business improvement program approach
- Do no harm to HRMS project
- Agencies will participate in project planning & direction setting

Priorities (November 2004 survey results):

1. Improve access to information (reporting tools)
2. Streamline and integrate budget cycle
3. Organize data to support all perspectives (chart of accounts)
4. Enable data driven decisions (cost accounting)
5. Streamline procure-to-pay
6. Empower managers with tools to aid decision making (measuring performance results)

Executive Sponsor messages

- Enterprise view of Government
 - Put state/taxpayer interests ahead of individual agency
 - Work together to improve service delivery and systems
 - No “one size fits all” solution, but many improvement opportunities
 - Business project, not technology
- Lessons learned from HRMS:
 - Focus on right business decisions
 - Take leadership and make business modeling a priority
 - Responsibility for success rests with each of you; send best and brightest
 - Get issues resolved early
- Apply best practices
 - Harness bold and innovative business practices
 - Think outside the box
 - Separate the “what” from the “how”
 - Come to consensus
 - Help build review and approval process that will last
- Business value; cost effectiveness
 - Build a solid business case that we can sell to the Legislature and others
 - Show how solutions are going to reduce costs and improve quality
 - Demonstrate value of solutions
 - Be open to change



November expectations

| Tasks | Expectations | Assigned to | Due Date |
|--|---|--|---|
| Model grants business processes and data | <ul style="list-style-type: none">Participate in business process modeling Phase IIProvide existing business process documents to Susan.Dodson@ofm.wa.gov | Focus groups Advisory Group | Ongoing Ongoing |
| Develop enterprise architecture strategy | <ul style="list-style-type: none">Continue developing the enterprise architecture strategy for the <i>Roadmap</i> | Enterprise Architecture Steering Committee | 1 st Wednesday of each month |
| Communicate | <ul style="list-style-type: none">Continue sharing the <i>Roadmap</i> plan and vision with agency managers and staff | Advisory Group Working Team | Ongoing |

Next meeting: Thursday, November 17th, 2005 1:30-3:30

OFM Point Plaza West Training Room

